THE INFLUENCE

ON

ENGLISH TRADE & AMERICAN PROTECTION

BY THE

DEVELOPMENT OF INDIA.

"Honestum, quod proprie vereque dicitur."—*Cicero.*

Calcutta:
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PREFACE.

THE object of the following pages is to show the dominant position India occupies as the source of supply of wheat to Europe; the ease with which the greater part of the English grain trade could be diverted from America to India; and the advantages, both to the English manufacturer and to the Indian ryot, that would result from India becoming the sole source of supply of wheat to the United Kingdom.

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THE respite which the commercial public in England is now enjoying from the late cry for "Fair Trade," about which so much was written a year ago, should not make us forgetful of the fact that, mistaken as the cry was, the real evils that lay at the bottom of the discussion are still as far as ever from being removed.

The manufacturer, whose interests are so materially affected by the heavy duties imposed by foreign countries on English manufactured goods, naturally agitates to get those duties removed; the simplest and the most direct course occurring to him being "Reciprocity," *i.e.*, to exclude those nations that exclude us, or, in other words, to select the articles exported by our rivals that compete most successfully with our own products to be the victims of a retaliatory policy.

But, although the remedy proposed may be altogether wrong; although it may be impossible for the public in England to acquiesce in a policy,—the practical effect of which would simply be to bring enormous losses on themselves in the hope of inflicting still greater losses on their rivals,—we may still agree with the manufacturer in thinking that foreign protection is in itself a great evil that should, if possible by fair and proper means, be done away with. I therefore now propose to enquire whether there is no other and better means than retaliation of relieving the evil complained of; whether there is

no way, strictly consonant with every canon of political economy, of showing those countries which adhere to false principles and a bad policy, the utter wastefulness a system of protection entails on themselves as well as on the rest of the world in general.

There can be no doubt that the demand for "Fair Trade" was, to a great extent, stimulated by the heavy protection duties imposed on English manufactured goods by the United States of America shortly after the termination of the Civil War. The import tariff now existing may be said, especially as regards the English iron trade, to be almost prohibitory. It certainly is such as to give manufacturers a fair ground for complaint, in so far that a material reduction of the duty would doubtless lead to a large increase in the amount of English goods consumed in America.

Now, as regards this vast country, the United States of America, I have often wondered that writers on "Fair Trade" never saw to how great an extent the remedy is in our own hands. It would, I think, be easy to bring this country to her senses as to the advantages of free trade, by thoroughly opening the eyes of the Western farmers to the price they are now paying for the protective policy imposed in the interests of the Eastern States.

At present, the chief exports from America to England that affect the farming interests are wheat and Indian corn. The importance of this trade to America may be judged by the fact that in the year 1881 England imported from America no less than 36,038,074cwt. of wheat alone, at a cost of about £20,055,066 ; and it is evident that, if this grain could be obtained from any other source, where it can be grown at a lesser cost of production, American traders would to a great extent, be excluded from the English markets unless they consented to a reduction of price so material as to force upon

the whole American farming interest the consideration of the most obvious means of lessening the cost of production.

The wheat trade of England now oscillates between the three countries of America, Russia, and India, swaying from one country to the other on the slightest fluctuation in price. As wheat can be produced in India at a prime cost, with which the American farmer cannot compete, my object is now to show that, by properly developing the communications of India, we should be enabled to establish such a preponderance in favor of India that the American trade, in order to hold its own, would have to submit to sacrifices that would tend to a complete re-opening in that country of the whole question of free trade.

This fact seems to be at last clearly seen by the Press in both countries. The *North Western Miller*, published at Minneapolis, on the 15th October 1882, says :—

> "Not long ago we referred to the growing importance of British India as a wheat-producing country. It is doubtful, however, if Americans appreciate the gigantic possibilities of this new competitor in furnishing the wheat supply of the world, or Europeans the possible magnitude of the stores they may eventually draw from that source."

Almost at the same date, the editor of one of the Bombay Papers, was writing to much the same effect. To quote from an article in the *Times of India* of the 6th October 1882 :—

> "We do not doubt India's ability to compete with America, even though the latter has bumper crops ; but it is essential that every charge be reduced to a minimum."

The advantages to India, and the effect on its general prosperity, that would result from the diversion of the greater part of the English wheat trade to India, it is almost difficult to exaggerate. The amount of money annually paid by

England for imported grain would, if flung into India, give an extraordinary stimulus to agriculture. Production would be multiplied at improved wages ; there would be a more assured return for labour and a steadier rate of progress with fewer breaks on account of scarcity. The receipt of this large sum yearly from England would tend more than anything else to raise the Indian ryot above his present abject state of poverty : while the encouragement directly given to increase the area of cultivation under food-grains would render the country far better prepared to meet the demands of famine. Added to which, a large increased export trade is the very thing required to slightly re-establish the value of the rupee, and to prevent a further fall in Exchange with all its disastrous effects on the finances of India.

The poverty of the Indian ryot, it cannot be too often repeated, depends essentially on his having no market for the surplus produce of his land. The agricultural communities in Australia, in New Zealand, and in America subsist in substantial comfort on the profits of their field produce ; and there is no *primâ facie* reason why the ryot in India, (at least in all the districts in which he holds his land direct from Government, and is not liable to be rack-rented by a native zemindar,) should not do the same were the markets of the world equally open to him. The chief cause of the poverty of the Indian ryot is not only preventible, but also within the power of Government to remove within a measurable time.

Nor would the gain to England be much less. The price of wheat in England, if not reduced, would remain steadier at its present favorable quotations. If English iron-masters, instead of anxiously watching the probable requirements of America in excess of the ability of the local iron-works to supply, were to turn their attention to the requirements of India, they would find there a field for the consumption of iron for railway purposes beyond their most sanguine expec-

tation. Were the cotton manufacturers to unite in bringing pressure on the Indian Government at home to develop the country in a manner commensurate with its greatness, they would find that, with the increase of wealth, there would be a corresponding increase in the wants of the people. The large exports of wheat would, to a great extent, be balanced by imports of cotton fabrics from the Manchester Mills.

As I do not ask my readers to take the above statements upon trust, I will adduce briefly some of the facts that have led me to this conviction.

That India does already raise all the wheat required by England need not be doubted for an instant. From an official report, drawn out by Dr. Forbes Watson, and presented to both Houses of Parliament in the year 1879, it appears that the total production of wheat in India is now not less than 40 million quarters: the average annual import of wheat into the United Kingdom being only about 11 million quarters. The local consumption of wheat in India is not large, the bulk of the inhabitants subsisting on cheaper staples; and it thus appears well within the limit of probability that India *could* supply, were proper facilities given, the whole home demand.

The area of cultivation, as given in Dr. Watson's report, is probably rather over-estimated, and the Government of India, in a later estimate, came to the conclusion that the present area of wheat cultivation was about 19,329,200 acres,* yielding on an average from 8 to 13⅓ bushels an acre, or about 26⅔ million quarters, that is, 15⅔ million quarters in excess of

* Selections from the records of the Government of India in the Home, Revenue and Agricultural Department, No. CLX, page 16.

the whole requirements of England. At the same time, the average yield per acre assumed in this estimate, 8 to 13⅓ bushels, is nothing compared with the yield that would be produced under a proper system of farming, the average yield per acre in other countries being not less than 28 to 32 bushels. * Experiments carried on in the Government farms have proved that irrigation with a proper system of manuring more than trebles the average Indian yield †; and there can hardly be a doubt that farming in India would improve all along the line directly it became the interest of the Indian peasant to materially increase his production.

Altogether, the amount of the wheat production of India given by Dr. Forbes Watson is probably not far from the mark, as an estimate of the amount of wheat the country is capable of producing were sufficient inducement offered to bring under a proper system of cultivation the whole of the wheat-producing area of India. At the present moment, in the Punjab alone, independent of the area now under cultivation, there are 9,182,000‡ acres of culturable waste, the property of Government, not to mention enormous tracks in Central India and Burmah, all admirably suited for wheat cultivation, and all needing only irrigation and population to bring them under the plough.

From an outside point of view, the amount of wheat held in India must indeed be vast, when, even with our present defective communications, the export wheat trade of India can rise from 2,195,550cwts. in 1880 to 7,444,449cwts. in 1881, and again to 19,863,520cwts. in 1882, or more than one-half of England's total imports of wheat from America in the year

* Selections from the records of the Government of India in the Home, Revenue and Agricultural Department, No. CLX, page 24.

† The *Indian Agriculturist* for December 1st, 1876.

‡ Selections from the records of the Government of India in the Home, Revenue, and Agricultural Department, No. CLX, page 18.

1881, and this without any appreciable rise in the price of wheat in the country.

As regards the quality of the grain produced in India, it will probably be sufficient for me to quote an extract from Dr. Watson's report :—

> "We often hear of the ignorance of the Indian ryots, and of their careless and shiftless modes of cultivation. But a glance at the collection of Indian wheats under report proves that there must exist all over India a numerous class of agriculturists to whom such a reproach cannot apply. It is impossible to avoid the conclusion that the ryots who grew those samples of soft wheat equal to the finest Australian, or of hard wheat equal to the finest Kubanka, must be as keenly alive to the advantages of selection of seed and of careful cultivation as the most intelligent English farmer, and our samples prove that such ryots are to be found in almost every wheat-growing district."

The fact is that Indian flour, as taking up more water, is rather a favorite with the English baker—a fact very practically shown by the following extract from the *British Trade Journal* for January 1st, 1883 :—

> "Only the other day, a well-known miller said he used 50 per cent. of No. 2 Club Calcutta, 40 per cent. of red winter American, and 10 per cent. of good Dantzic wheat in his business. Certainly we cannot submit this as a typical case, but we feel convinced that, all things equal, the prevailing disposition on the Continent of Europe is to give the preference to Continental and Indian grown wheat."

And already a small export of wheat has begun from India to Australia, the Indian wheat being found superior as seed to the English, as better acclimatized for a hot country.

It can as easily be shown that India is more than able to compete with America as regards the prime cost at

which wheat can be raised and put into the market. From an American agricultural newspaper,* I gather that on the Dakota prairies, including breaking $3·00, and back-setting $1·75 the first year, and seed-sowing, harvesting, and threshing the second year, the total cost of producing the first crop of about 22 bushels per acre is nearly $13·00, equivalent to 19·7 shillings per quarter.† After the first crop, the cost of producing an average crop of about 22 bushels an acre is estimated at from $8 to $9, equivalent to about 12·15 or 13·67 shillings a quarter.

Comparing this with the prices of wheat in the unopened districts of India, wheat usually sells in the Bilaspur district in the Central Provinces, only about 400 miles as the crow flies from Calcutta, at the rate of [60 to 70 seers the rupee,‡] 5·7 to 6·6 shillings per quarter. This too is the retail rate, and includes the not inconsiderable profits of the native corn-dealer; so that the prime cost at which wheat is raised in India cannot be more than about 5 to 6 shillings a quarter.

Between the years 1870 and 1876, the price of wheat at Chicago, 960 miles from the seaboard, fluctuated [77 and 158 cents per bushel,] from 23·72 to 52·80 shillings per

* The *North-Western Miller* for October 25th, 1882.

† To prevent misunderstanding, I may here say that, throughout this paper, the dollar has been assumed as equal to £0·20548; the rupee as 1*s.* 8*d.*; the English quarter as 496lbs.; the American bushel of wheat as 61lbs.; and the Indian maund as 82·2857lbs. Avoir.

‡ From the return of the prices of food grains compiled by the Financial Department of the Government of India, it appears that from the year 1861 to the year 1876, the lowest annual average price of wheat at Raipur in the Central Provinces was 83 seers per rupee; the highest 15·00 seers. The *Agricultural Gazette* for August 1st, 1876 says: "The average retail price at Raipur was 60 seers, or 6*s.* 8*d.* per quarter, while at Bilaspur positively 84 seers, or about 4*s.* 10*d.* per quarter.

quarter. Against this, the retail prices in India at stations connected by Railway with the sea-coast fluctuated during the same period, at Cawnpore 684 miles from Calcutta, [15·50 to 25·10 seers per rupee,] from 16·01 to 25·93 shillings per quarter; at Ludiana, 937 miles from Kurrachee, from 15·38 to 24·98 shillings; and at Jubbulpore, 616 miles from Bombay, at from 14·97 to 26·79 shillings.* The present rates at these three places—Cawnpore, Ludiana, and Jubbulpore (January 1883)—are, respectively, [18, 26, and 18 seers per rupee†,] or 22·32, 15·45 and 22·32 shillings per quarter, as compared with the present rate (98½ cents per bushel) of 32·91 shillings per quarter in Chicago.

Summing up these facts, it would appear that wheat can be raised at Bilaspur, in India, at from 5 to 6 shillings a quarter against from 12 to 13 shillings at Dakota in America; and that the retail prices of wheat at the principal trade centres connected by rail with the seaboard, even in the most unfavorable years, are little more in India than the price of wheat in America, when it touches its lowest quotations. Comparing the prices at the same periods, they compare at about 15 shillings per quarter in India as against 24 shillings in America.

Nor even as regards ocean-steamer freight is India so unfavorably situated as appears to be generally supposed. The freight from San Francisco is, on the average, considerably higher than that from either Calcutta, Bombay or Kurrachee; and it is to be remembered that of the 36,038,074cwt. imported into England in the year 1881 no less than 11,241,523cwt. came from the Pacific. To the extent of the whole Pacific trade, that is, to the extent of about one-third of the whole American imports into

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* Prices of food grains compiled by the Financial Department of the Government of India.

† *Gazette of India.*

England, the superiority of India as a source of supply is undoubted.

According to my latest quotation (December 6th), the freights from New York to London may be taken at from 7*d.* to 7⅛*d.* per bushel, equivalent to from 4·7 to 5·1 shillings per quarter. At the same date, the freights from Calcutta were about 35 shillings per ton of 20cwt., equivalent to 7·75 shillings per quarter, and those from Kurrachee 25 shillings per ton of 18cwt. equivalent to 6·15 shillings per quarter. So that, at the present date, the excess freight from Calcutta amounts only to from 2½ to 3 shillings per quarter; the difference against Kurrachee not being more than a shilling to eighteen pence. Even taking the average freights from Calcutta, Bombay, and Kurrachee at 45, 30, and 35 shillings per ton, the freight per quarter may be taken at 10·03, 7·38, and 8·6 shillings per quarter; or about 5, 2¼, and 3⅛ shillings to the disadvantage of the Indian trade. In all three cases, and more especially as regards Bombay and Kurrachee, these excess freights nothing like balance the greater saving in the prime cost in India.

Thus, whether the question be viewed from the point of area, of quality, or of price, it appears that, after making the fairest allowance for the disadvantages against her in the matter of ocean-freight, India should be the principal source of supply for the wheat demand of England.

It will now probably be asked why, with these unquestionable advantages, India has not, in the ordinary course of supply and demand, attracted more of the English wheat trade,—why it has not, in fact, monopolized the whole of it. The answer to this question is a very simple one. The Americans have developed *cheap* lines of communication, while in India these have been studiously neglected. While America boldly pushes forward her railways into the absolute wilderness in hope of attracting population to cultivate the land, the Home Government of India

appear too timid to give districts teeming with people the means of carrying off their almost too abundant surplus produce.

To bring into the open markets of the world the wealth of the agricultural produce of India, all that is required is *cheap* communications between the interior districts and the coast; and it is in this respect that India is so immeasurably behind her rival. In respect to cheap communication, it is not too much to say that at the present rate of progress India is already about a century behind America; and every day it is getting still further behind.

In America, the growth of the railway system has been immense: the following figures alone hardly give one an adequate idea of the progress made, for few people form true conceptions from mere figures. They will, however, give some rough impression:—In America,

In 1830	there were	23	miles of	opened Railway.
„ 1840	„	2,818	„	„
„ 1850	„	9,021	„	„
„ 1860	„	30,635	„	„
„ 1870	„	53,399	„	„
„ 1880	„	93,671*	„	„

At the present date there are not less than 105,000 miles of railway opened in America, while a year ago, the Philadelphia Correspondent of *The Times* telegraphed that, during the year 1882, no less than 18,000 miles of new line were projected at an outlay of fully £90,000,000.†

Against all this it is almost ludicrous to contrast the

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* Statesman's Year Book of Facts.

† *The Economist*, January 1882.

puny efforts of a Government ruling 255 millions of people. In India, at corresponding dates—

In	1830	there were	no	Railways	open.
„	1840	„		„	
„	1850	„		„	
„	1860	„	836	miles of	opened Railway.
„	1870	„	4,833	„	„
*„	1880	„	9,875	„	„

The number of miles that the Government of India have been able to construct in 27 years, from 1853 to 1880, represent about as many miles as are opened in America in one year, the mileage opened in the United States during the year 1880 having been as much as 8,890 miles. The Indian Railways, taken as a whole, are scarcely a patch on the vast system of lines that traverse the United States in every direction, bringing the products of each district into easy communication with the Coast.

It is almost impossible to exaggerate the difference this makes to the social status of the agricultural population in the two countries. To the American farmer, the whole of the markets of Europe are open for the sale of the grain and other farm-produce not required for home consumption, while to the Indian ryot in the more neglected districts no calamity can well be greater than a bumper harvest, when the price of his grain falls to an almost nominal sum, when the greater part of the crop has to be either left standing or else buried to weevil away, and when at the same time the wretched peasant has to produce, too often by borrowing from a money-lender at simply fabulous interest, his regular share of the fixed Government assessment.

In an article in the *Indian Agriculturist*, so long ago as July 1st, 1876, the editor says :—

"Nothing fluctuates so much in price as some of the food grains, wheat in particular: and, as matters now stand, a plentiful

* Mr. J. Danvers' reports.

harvest, instead of being a blessing to the ryot, strengthens the bonds in which the money-lender holds him. He has to borrow his seed, and the means of living when prices are at their highest, and to sell his crops when they are at their lowest, to meet the demand upon him of the two joint landlords of the state and the zemindar, and his debt to the money-lender."

In the year 1880, India possessed 4·16 miles of opened line for every 100,000 inhabitants; America had 186·6 miles. But it is needless to further multiply comparisons to show how hopelessly behindhand India is in the race between the two countries. The delay that has been allowed to occur in opening up the country, the vacillation and timidity that has marked the whole Railway policy in India, is one of the most striking blots on the Administration.

The importance of extending the system of railways may be judged by the fact that the average cost of bringing wheat from 13 of the largest wheat-producing districts in the Bombay Presidency to the nearest railway station is about 1*s.* 6*d.* a quarter. The ordinary cost of cartage varies from about ·044 to ·061 shillings a quarter per mile, or, in other words, every 20 miles cartage adds on another shilling a quarter to the price.* In anything like a close competitive trade, it is easy to see how little of the whole area of India can be served by our present long trunk lines without feeders.

It is not only in the construction of railways that we are so far behind America; in the working of the railways already opened, we show the same conservative backward policy. In an article in the *Fortnightly Review* for October 1881 on Railways and Waterways, Mr. William Fleming calls attention to the extravagant working of the English lines, to the general want of progress, and to the absence of all petty economies.

* See Selections from the records of the Government of India in the Home, Revenue and Agricultural Department No. CLX.

Every one of his remarks applies with equal, if not with greater, force, to the working of the Indian railways.

In India, with the cheapest labor in the world, we do not seem able to compete with the high-priced labor of America; we are not able to carry grain at the same low rates as are in force on the American lines.

The charge for 100lbs. of grain from Chicago to New York, a distance of 960 miles, is ordinarily 30 cents in summer and 35 cents in winter, equivalent to from 0·64 to 0·743 shillings per quarter for every 100 miles. The charges over this route have ruled much lower than this; they have touched 20* and even 12½ cents per 100lbs., or 0·425 to 0·265 shillings per quarter every 100 miles. The last quotation I have seen was [14·5 cents per bushel,†] 0·505 shillings per quarter per 100 miles.

And with all these low rates the American lines seem to pay. Last year on a length of 105,000 miles, costing £1,200,000,000, the receipts were £150,840,000, the working expenses £93,480,000, the net receipts representing on the average about 4·91 per cent. on the capital invested.

Comparing American rates with those ruling in India, the cheapest rates now in force on the three principal grain-carrying railways are as follows :—

The Punjab Railways—

Ludianah to Kurrachee, 937 miles, [Rs. 0-13-9 per maund,] 0·92 shillings per quarter per 100 miles. Delhi to Kurrachee, 1,169 miles, [Rs. 1-0-9 per maund,] 0·90 shillings.

The East Indian Railway—

Delhi to Howrah, 954 miles, [Rs. 78 or Rs. 96 per 100

* Annual Reports of the Trade and Commerce of Chicago.—*Fortnightly Review* for October 1881.

† Report by Mr. Nimmo, Chief of the Bureau of Statistics, on the internal Commerce of the United States.

maunds, in consignments of not less than 270 maunds, according to whether certain conditions as to bagging, &c., are or are not complied with) 0·82 to 1·01 shillings per quarter per 100 miles.

The Great Indian Peninsular Railway—

Jubbulpore to Bombay, 616 miles, [Rs. 0-10-9 per maund for consignments of over 200 maunds,] 1·09 shillings per quarter per 100 miles.

And these Indian Railway rates, hampered as they are with all sorts of vexatious restrictions as to minimum loads, maximum weights per bag, special bagging, marking, &c., &c., have only quite lately been introduced. They are considered as a great concession to the Indian grain trade, and as something altogether exceptional in point of cheapness.

The ordinary rates for small consignments, the rates in fact that affect the small native trader, are much higher than this. On the East Indian line they are [33⅓ pies per 100 maunds per mile] no less than 1·74 shillings per quarter per 100 miles. On the Great Indian Peninsula Railway the rates are [Rs. 0-15-8 for one maund over 616 miles] as much as 1·60 shillings per quarter per 100 miles. In other words, the rates for the carriage of grain that affect the small native trader are more than 3 times higher than the American rates.

The Punjab Railways, to their credit be it said, have a single rate, irrespective of the amount tendered. Rates depending on minimum loads are quoted by many of the railways in India, and hence must have had the sanction of Government. There is, however, some doubt whether this practice comes strictly within the spirit of the Common Carriers Act. In America, any discriminataion in freight rates between two points, depending only on the quantity of freight shipped, has been held by the Courts a violation of the impartial duty due to the public

from the Railway Corporation. This is undoubledly the correct view to take of the matter, for a low rate, with a minimum load, is a concession that can be availed of only by the large trader.

The lowest rates ever sanctioned for the carriage of grain by rail are on the Punjab Railways, *viz.*, [¼th pie per maund per mile,] 0·746 shillings per quarter per 100 miles. These reduced rates are due simply to the active competition of the boat traffic on the river Indus, and are considered to be so probably unremunerative that the present nerveless management of the lines have never given the public the advantage of them. But all the same, we must not withhold our admiration for the enterprising and far-sighted policy of the Board of Directors of the Sind, Punjab and Delhi Railway and of the present Director-General of Railways, both authorities having, on the motion of the Manager of one of the Punjab State Railways, approved of the introduction of the only rate in India that compares at all favorably with the rates in force on the American lines.

Collating the Indian with the American rates, they compare as about 0·5 shillings in America to about 0·9 shillings in India ; in other words, the *cheapest* Railway rates in India are even now more than one and a half times the ordinary American rates.

Summing up the whole facts, it appears that every 300 miles of railway carriage at the present high rates adds on an extra charge of one shilling a quarter in excess of what the charge would be if the wheat were carried on an American line. Taking the average distance from the sea-board of the principal centres of the wheat trade in India, we find that Indian wheat is, through the indifference shown to the whole subject,* unnecessarily weighted in the competition to the extent of more than 3 shillings per quarter.

* See Appendix C.

If it can pay the American lines to carry grain at the rates they do—and 20 cents per 100lbs., or 0·425 shillings per quarter per 100 miles, has been stated by a very careful authority* as about the actual cost of carriage between Chicago and New York—I do not hesitate to say that the maintenance of the present high rates on the Indian lines constitutes a grave reproach to the whole Indian Railway Administration, which, in the interests of the country, should be removed as early as possible. The fact of there being practically no active competing water-carriage in the case of the Great Indian Peninsular Railway should not veil the eyes of the Government to the mischief the high rates on this line are doing to the whole of the agricultural community.

This is only the loss *after* the wheat comes on to the railway. Taking this, together with the ruinous cost of cartage for long distances, it is not surprising that India at present succeeds in carrying off only a portion of the English wheat trade at times when prices are ruling the highest, instead of occupying the position she ought of being able to dictate her own prices to America.

My remarks throughout have referred specially to wheat, but there seems no good reason why India should not compete in supplying England with some of the other articles of agricultural produce shown in Appendix B., more particularly Indian Corn.

It is far easier to point out all these failures than it is to suggest practical remedies. To a great extent they arise from the system of Government.

In the first place, America is fortunate, in that the ultimate

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* Commissioner Fink's evidence before the New York Railroad Investigating Committee. Also, *New York World*, 17th March 1880.

decision on any large question of policy rests generally with self-made men in the full tide of their career, whose struggles in life are daily teaching them exactly what the country requires in order that they and it may get on together. This obviously secures more progress than where affairs are dealt with by retired officials, whose careers are practically over, and whose experience of the country, when India was asleep in her cradle, is almost worse than useless, now that the young giantess has awoke, longing to stretch her limbs, and eager to pry into, and to take an active part in, the busy world around her.

In this country, the Viceroy and all the other higher officials of India, with a five-year term of office, succeed each other so rapidly that there can be no continuity of statesmanship. Successive officials frequently hold views so diverse that the second during his term of office undoes a good deal of the work done by his predecessor. Neither perhaps are absolutely right, and neither absolutely wrong; the same questions are viewed from different aspects, and few officials find themselves able to follow exactly in the same lines as their predecessors. We have thus had already no less than three distinct changes of Railway policy, each accompanied by a long period of constructive inaction. We first tried broad-gauge railways constructed by Companies under a guarantee of 5 per cent.; then metre-gauge State Railways constructed directly by Government. The policy then got rather mixed, or perhaps it was we lost the little policy we ever possessed. For in defiance of railway experience all over the world, we now build both metre-gauge and broad-gauge railways in the same country, every now and then varying the proceedings by trying both gauges, one after the other, on the same line. Now on the ebb-tide we have turned in the direction of the encouragement, by free grants of land, of unaided private enterprise; with every chance of the flood carrying us back to Companies under some species of limited guarantee.

As regards the construction of Railways, perhaps the saddest thing is that no one connected with the Home Government seems to thoroughly recognise how backward the country is in this respect. On the contrary, after reading the reports on Indian Railways submitted annually to Parliament by Mr. J. Danvers of the India Office, one might almost suppose that the Indian Railway millenium was fast approaching, and that the progress of Railway construction in India was all that could be desired.

It is not that the local authorities in India are not alive to the importance of opening out communications ; they are so keenly, and a great deal is written yearly on the subject. It is not that the able editors of the Indian Press are not instant in pressing the subject on the attention of the public. But both are powerless to carry out the measures they know are vital to the welfare of the country. The final decision rests with the Home Government, and with the Home Government railway construction is nearly entirely a pure matter of finance. All officials in England connected with this country hesitate to increase the public debt of India by loans which practically can be raised only in London in sterling, the interest on which has to be paid by remittances from India in a silver currency daily depreciating in value.

Without wishing to utter a word against sound finance I may say that although ten years ago this hesitation about raising loans for the construction of Railways might have been justifiable, at the present date it can scarcely be defended. Railway enterprise in India has got beyond the experimental stage ; it is now a tried fact, and to hesitate further will be nothing but economical blundering.

The results of the lines already opened have shown conclusively that, taken all round, the bad with the good, even including lines made solely for military purposes, the net

Railway receipts more than cover the charges for interest on the capital expended, without counting the incalculable benefits accruing indirectly to the country, more especially the saving of interest on the average value of commodities always *in transitu.*

Para 55 of Mr. Danver's last official report runs as follows :—

> "55. Taking all the lines together, the net receipts last year yielded a return of nearly £5-3-0 per cent. on the capital expended. In the year 1880 they were at the rate of £4-15-0 per cent. In 1879, £4-7-0 per cent."

With facts like these conceded all round, and with Consols standing at over £100, there seems no clear reason why any limit should be placed on the raising on Railway loans beyond the power of the English money market to supply at low rates of interest, and the ability of the Indian Government to expend the sums borrowed with advantage.

At the present time, the moneys annually available for the construction of Railways in India are limited to the following sources :—

(*a.*) £1,800,000, part of a sum of 2½ millions annually borrowed by the Secretary of State for the construction of '*Productive Public Works.*'

(*b.*) £500,000, part of the special taxes lately imposed for the protection of the country from famine.

(*c.*) £2,000,000, (about, for the sum varies year by year*) available from the surplus revenues of India.

(*d.*) Sums expended by private companies.

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* 1879-80 ... £2,122,350.
1880-81 ... £2,945,744.
1881-82 ... £2,186,500.

The available annual State expenditure under heads (*a*), (*b*) and (*c*) may, therefore, be taken at about £4,300,000, equivalent, at the rate of £10,000 per mile, to about 430 miles annually of broad-gauge Railway. The amount of the probable future expenditure by private Companies can at present hardly be guessed at, for the experiment lately made of floating the North-Western Railway Company without any Government guarantee has shown that the English public are not yet inclined to invest in Indian Railways on the mere chance of their paying. At present only 455 miles of line are under construction by private Companies without any guarantee.

The whole programme of about 500 to 600 miles a year is ridiculously unequal to the present requirements of India, and the more one sees of Indian financing, the more certain does it appear that the programme could easily be doubled, or even trebled, without reasonable chance of financial embarrassment. Money there is in plenty, if only it were economically and unflinchingly administered.

The finances of India are, however, a great mystery, State accounts, which might be drawn out in all the simplicity of those of an ordinary Mercantile Company, are complicated to that degree that I believe few, if any, of the Members of Parliament really understand them. One item particularly, the 'Productive Public Works' Loan I before referred to, is inscrutable and past finding out. A loan, rigidly limited to an annual sum of 2½ millions, is raised by the Secretary of State for the construction of '*Productive Public Works*';—the expenditure from these funds is positively restricted to the construction of works, the net receipts from which, it must be shown by the most elaborate forecasts, will, within a certain number of years after opening, in all probability repay the interest of the capital expended on them;—the powers of sanctioning expenditure from these funds by the various authorities concerned are comparatively curtailed;—and throughout

every order issued by Government on the subject of the productive loan expenditure, it seems to be tacitly assumed that a rupee borrowed is infinitely more valuable than a rupee raised by ordinary taxation.

While every possible restriction is thus placed on the expenditure from borrowed funds on revenue-producing works, little or no restriction is placed on the expenditure from the ordinary revenues on works that are not expected to produce revenue. The powers of all authorities concerned to spend or to waste the ordinary revenues on non-productive works are complete. It is as if a land-owner, with a rental of £3,000 a year, borrowed £10,000 for the improvement of his estate, and while miserly to a degree over the expenditure from the £10,000 he borrowed, wasted his annual income in every kind of personal extravagance.

I can see nowhere any appreciation of the broad truth that these revenue-producing works, from the mere fact that the Indian public is prepared to pay for them, are really the works the public most require, and those on which every available resource, either from loans or from income, that Government has at its command should be freely lavished. There is no recognition of the prosaic fact that we might not have to borrow so much if we were more careful of our ordinary income.

During my whole residence in India nothing has impressed me more than the needless waste of the public revenues. It is not so much that there are any large items on which the public expenditure is notably extravagant, as it is that there is a general leakage all round. Money is laid out on buildings that for the present might well be done without; £1,000,000 goes yearly in unproductive military works alone; no one is found strong enough to deal with the exhausting military charges both in India and at home; useless offices carrying salaries simply

enormous, when compared with corresponding salaries at home, are allowed to continue on long after their uselessness is a matter of notoriety. As if this were not bad enough, salaries originally fixed for Europeans on the wear and tear of life in a foreign tropical climate, and on the inconveniences of nearly continuous exile, are now being given to natives of the country appointed in India. In every department of Government, in almost every office, there is a crowd of native menial servants, many of whom are unnecessary. Each receives about Rs. 84 annually. Taking the net loss of interest on a feeder railway at about one per cent., it makes one simply heart-sick to think that every half-dozen of these useless creatures robs the country of a mile of light metre-gauge railway. But what can be expected when every department audits its own accounts ? The Auditors of the Civil Accounts are Covenanted Civilians ; the Auditors of the Public Works Accounts are Engineers, Civil and Military ; those of the Military Accounts are Commissioned Officers. Human nature will cease to be what it is when men will work actively to cut short the supply that feeds them.

I shall begin to feel more faith in the public utterances of our rulers, when I see them thoroughly in earnest in reducing the public expenditure with which they are personally connected. For instance, there is the body-guard of His Excellency the Governor of Madras, altogether unused for eight months in the year, and more or less useless for the remaining four. In this alone is sunk the probable loss of interest on a whole system of provincial light railways. The fact is, the pagoda tree of India is not yet dead ; it has only been transplanted from the field of the peasant to the garden of the Government official. Well shaken, it would produce abundance of the same rich fruit as of yore.

What India requires at the present time is economy in every detail of the administration, a rigid contraction of all unnecessary expenditure, and the utilization of all the surplus

revenue so saved to the material improvement of the people.

But even as it is, we have left us an annual sum of about £2,000,000 a year, available from surplus ordinary revenues, and a further annual sum of £500,000 available, except during famine years, from the special famine taxation. The sum of £2,000,000 yearly represents, capitalized at 4 per cent., no less than £50,000,000, or the value of over 5,000 miles of Broad-gauge railway, even supposing that these railways were to produce no revenue at all. Admitting that the new railways were to earn only 3 per cent., or that the annual loss of interest would amount to as much as one per cent., the present annual expenditure of two millions, if properly applied, would give us 20,000 miles of Broad-gauge railway. But unless history is to belie itself, unless all the experience hitherto gained on the subject is in vain, it may be reasonally held that so far from there being any loss, the profits accruing to Government from these additional 20,000 miles of railway would, in the future, go far to balance the inevitable falling off in the opium revenue.

If this obvious expedient of capitalizing the present revenue be denied me as too hazardous; if I were even forced to admit that the sum that could be prudently borrowed for the construction of railways in India were limited, and limited to, say, 50 to 60 millions during the next twenty years, and I should be the last to admit either one or the other, I should still insist on the advisability of the whole sum being borrowed, and the whole expenditure incurred during the first seven years, so that the country might have the benefit of the additional length during the last thirteen years, even were all further railway construction suspended during that period.

Undoubtedly, the quickest way of developing the railway communications of India is through the employment of private Companies; and if these cannot be tempted to come into the

field without a Government guarantee, I can see no reason whatever why a limited guarantee of $3\frac{1}{2}$ to $3\frac{3}{4}$ per cent, or even the same terms as have been granted to the Central Bengal Railway, should not be given them. There can be no doubt the net receipts of the railways would more than cover the guarantee, while the fact of Government giving a guarantee and thus sharing the risk would enable Government to fairly claim a participation in the profits above a certain percentage—a participation they cannot otherwise reasonably insist on. The Government would certainly be the gainers in the end ; and as to increasing the amount of sterling debt, that *bête noire* of the Indian Financier, nothing would be easier than to arrange that the guarantee was to be given to the Company, not on the amount of sterling lodged in the treasury at home, but on the amount of rupees lodged in the treasuries in India. This simple arrangement would turn the whole into a rupee loan, while at the same time the promoters would be able to float the Company far easier had they any sort of Government guarantee at their back.

I entirely question any policy that in the hope of attracting English capital to India without a guarantee would be prepared to give over to Companies all the lines which are anticipated to pay, retaining for the direct construction by Government all those which will probably not repay the interest on their capital. In the first place, judging from the recent case of the North-Western Railway Company, it may be doubted whether private enterprize will be forthcoming, without a Government guarantee, no matter how fair the prospects of the line ; and in the next, it seems an almost suicidal policy to totally alienate the very revenue which will enable Government to extend the railway system of India without its becoming a burden to the country. The present position of private enterprise in regard to Railway construction in India is far more logical than is that of the Government. The promoters of English Companies say very

naturally to the Indian Government: " *You* draw out the projects, *you* are in a far better position than we are to estimate the probable earnings of the line; you cannot expect us to invest our money in a losing concern, and if you are so convinced this particular line will pay, what is your objection to giving a limited guarantee?" And to this question it seems difficult to give any adequate reply.

The cause that seems tending to make Indian politicians anxious to tempt private enterprise into India at almost any sacrifice, even to thus giving up sources of revenue the country can ill afford, is the feeling on the part of Government—a feeling that is growing stronger daily—that the railway administration of India is getting too big for the Government to manage, and along with this, a mistaken notion that the management of railway business is hardly the proper function of Government. To this, it may be said, that nearly every Government in Europe, as well as the public in America, is rapidly coming to the conclusion that the monopoly of the carrying trade of a country cannot, in the interests of the country itself, be safely entrusted wholly to private agency; and this is more especially the case in India, where the whole development of the country depends on the low rates at which agricultural produce can be carried. It is a curious reflection that at the very time the Indian Government is thinking of separating its direct connection with Railways, the English Government is bringing in a bill for buying up the Irish Railways. But whatever Railway policy be adopted, perhaps the most important point is that throughout the changing policy Government should consistently reserve to itself the right of fixing absolutely the rates on all lines for the carriage of cheap staples.

Possibly the best plan open to Government would be to make over the control of all the railways to a large Board of Railway Commissioners, consisting partly of officials, partly of merchants, bankers, and others interested in the trade of the

country, the native element being largely represented. The proceedings of the Commissioners to be perfectly public. To the Commissioners would be made over yearly a fixed sum of £2,000,000, or whatever might be safely spared from the ordinary revenues, and the Commissioners would be empowered, subject to the sanction of Government, (*a*) to borrow any railway loans they thought fit on the condition that the net loss on the whole of the loans taken severally was not to exceed the annual sum made over to them ; and (*b*) to make arrangements, either by the agency of private Companies, or by the Government Engineers, for the construction of all railways required. The net earnings of *each* line to go, as far as they would, to defray the interest on the capital expended on that line ; the surplus profits over interest, if any, to be made over to Government to reduce ordinary taxation, while the loss, if any, should be made good from the annual sum made over to the Commissioners, the balance remaining in the hands of the Commissioners at the close of any year being applied either to reduce the railway loans, or to reduce the general taxes as might be considered the most advisable.

This, *without costing the country one penny more than the present charges*, (the latter of the alternatives I have suggested would, in fact, reduce taxation) would give a stimulus to railway construction India has never yet known : it would be to the interest of the Railway Commissioners to construct the most paying (and hence the most necessary) lines the first, as obviously every non-paying line would reduce the means at their disposal ; and finally it would give the Government a quasi-independent position in regard to railway management which, now that the railways are managed directly by its own officers, it can hardly be said to possess.

Passing to the working of the lines now open :—Of these, by far the most important are the lines worked by the large guaranteed railways, which occupy all the main trunk lines, *i.e.*, from Lahore to Calcutta, from Calcutta to Bombay, from Bombay to Madras. Of the management of these railways in India, it can only be said that it would be difficult to devise any scheme that would be as fertile alike in complication and delay. The guaranteed lines in India are managed by an Agent or Manager appointed by the Company, who is invested with certain limited powers to act on behalf of the Board of Directors in London. With him is associated, for the purpose of carrying out the Government control, an Engineer officer, called the Consulting Engineer, who also is invested with certain limited powers to act on behalf of the Government of India. The Agent of the Company can incur no expenditure, and practically can do nothing without the concurrence of the Consulting Engineer, and the two, like all other co-equal powers, are just as likely as not to differ. Should they not agree, or should the proposal be beyond the limited powers of either (and their limits are not coterminous), it involves a reference, on the one hand to the Board of Directors of the Company in London, and on the other hand to the Government of India, probably at Simla ; and frequently indeed to the Secretary of State in England.

I wonder what the Manager of a Metropolitan line would say if he were called upon to work his traffic properly, and at the same time were not allowed to draw up a new time-table, or to alter a rate without obtaining the concurrence of a special officer of the Board of Trade attached to his office, and without the sanction of the Board of Trade itself sitting in Vienna, and without the approval of his own Board of Directors sitting in Calcutta. It was only the other day that I heard that a reduction in rates, urgently required by the grain trade, could not be carried out on one of the Indian lines, although the local Agent of the Company was perfectly willing, as nearly all

the Directors of the Company were away and no quorum could be got together in London.

It is hardly to be surprised that, under such a system, with no outside active competition to stimulate efforts, guaranteed railway management in India does not exhibit more progress; that men take so little personal interest in their work; that there are so few of the untiring efforts of American railway managers to cheapen the cost of conveyance; so little improvement in the rolling stock; such slight reduction in the tare weight of the trains; and that Railway Agents are mostly content to jog along in the old grooves. At present, the guaranteed railways do not expend "large sums each year in costly experiments to cheapen transportation,"* we have in India no Mogul Engines, "that fairly fly with 40 cars, each containing 500 bushels of wheat, or with a train load of 20,000 bushels."† And the necessary consequence of all this is that directly any pressure in grain traffic arises, all the Railways in India get hopelessly blocked.

The system of management of the State Lines, compared with this, has of late years considerably improved. After keeping their managers in leading strings for many years, Government has lately given them considerable powers of independent action. But even the State Railways have their own evils; the staff are appointed, not for particular lines, but for general service throughout India, their promotion being regulated on a general list. The consequence is that every promotion or death leads to a sort of general transfer; men are no sooner acquainted with the traffic working of their own line than they are removed to another, to find themselves in a new country in the midst of another race of people talking a strange language. English

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* Last annual report to the Legislature by Mr. H. Seymour, Engineer to the State of New York.

† *Scientific American*, December 2nd 1882.

traffic managers may appreciate this evil, when I ask them what use they think they would be to the lines with which they were temporarily connected, if every year or two they were sent to a different country on the continent. And yet the change from an English to, say, a German line, can hardly be greater than that from the Punjab to Burma.

The whole of the Indian railways are alike in the marked absence of petty economies, and in the extended employment of expensive European labor in lieu of the cheaper labor of the country. This alone is a great evil, the European railway employés, like all other Europeans in India, being naturally anxious to stay in this country as short a time as possible, and during that time to get the highest possible salary.

In all this, the remedies are obvious and comparatively easy to carry out. The dual system of management of the guaranteed railways could be done away with, and while a perfect financial control was maintained by means of a joint audit on the part of Government and the Company, the Agent might be placed on precisely the same footing as the Manager of a State Railway, the Government Consulting Engineers being more usefully employed in the construction of new lines, thus affecting at once a saving of lakhs of rupees. The staff on the Government railways should be appointed to provincial systems of lines, and left to take their chance of promotion within the Province with which they are acquainted. The more extended employment of native labor should be insisted on; the posts which could properly be held by natives should be settled, and all further appointments to those posts should be made without importing labor from Europe; and it should further be decided what proportion of the salary now allowed for foreign labor should be given in future for indigenous labor. (By indigenous labor, I mean *all* born and educated in India, no matter what their extraction). And further some

effort should be made to more directly interest the railway employé in the financial results of the working of his line. In fact, every effort should be made towards reducing the working expenses, and in the direction of cheapening transport. The saving effected in wages on the E. I. Railway alone by the partial substitution of natives for Europeans as drivers, has amounted in six years to no less than £160,000, and yet in the face of this, Government pursues the same hesitating, halting, policy as to insisting on the more general employment of native labor.

Under the present contracts with the Guaranteed Railway Companies, Government has the power of fixing the rates for the carriage of goods ; and there can be no doubt that with a little pressure Government could insist on the rates for the carriage of grain being materially reduced. On its own State railways, Government obviously has the power of fixing rates at whatever amounts it chooses.

The first and most obvious duty of Government is to insist on the reduction of the rates for the transport of grain to as low a point as are current on the American railways, so that the agricultural interests of this country could compete with those of America on equal terms. The lowering of the rates will cause only a temporary loss. As in every other case in which it has been tried, a reduction of charges will eventually lead to an increase of revenue.

On the subject of the reduction of railway rates, it is instructive to read the following extract from one of the annual reports of the Chicago Board of Trade. With reference to the low rates that prevailed between Chicago and New York, during the railway competition in 1876, *i.e.*, 15 cents per 100lbs. (equivalent to 0·319 shillings per quarter per 100 miles) the report says :—

"Probably nothing that has ever occurred in the history of

transportation in this country has so shaken the public confidence in hitherto-accepted data as to the cost of railway transportation as the rates prevailing during this long contest, and the inquiry presses itself upon all who give attention to the question, whether, if these rates have not produced a ruinous loss to the contending lines, previous rates have not been in the highest degree extortionate. It is understood to be claimed that, while the business has not been fully remunerative, it has not been, generally, one of actual loss, and at least some of the lines interested have declared their usual dividends, alleged to have been made out of the net earnings of the business."

One more step in the direction of facilitating the Indian wheat trade would be to narrowly inquire into the course the trade takes in each province; and, following the American example of doing away with all tolls whatever on the State Canals, to abolish or reduce all transit duties, tolls, canal fees, port dues, and every other intermediate charge that now tends to increase the cost of Indian wheat landed in London. It might even be found possible to levy port dues on much the same principle as railway freights, not on the gross ship tonnage indiscriminately, but graduated according to the class of cargo brought to, and taken away from, the Port.

"In 1878, the difference between the average price of wheat throughout Iowa and in New York is given by a Western writer as over 65 cents. per bushel (21·72 shillings per quarter). By 1880, this difference had been reduced to a fraction under 40 cents. (13·37 shillings per quarter). On a crop of 33,000,000 bushels and more, the difference meant something over eight million dollars to the profit of the Iowa farmers."*

Let the Government of India not cease their exertions until a similar state of things exists in this country.

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* *Scientific American* for December 9th, 1882.

At present, the state of things is nothing like so satisfactory; the difference at the present time in the price between Kurrachee (12·62 seers), and Ludiana (26 seers), is not less than 16·31 shillings a quarter, and between Bombay, (10 seers), and Jubbulpore (18 seers,) it is as much as 17·86 shillings per quarter. These figures, compared with the difference between the prices at Chicago and New York, *i.e.*, 13·37 shillings per quarter, agree very closely with the result I before deduced from the railway rates themselves as to the probable loss the trade suffers (*i.e.*, more than 3 shillings per quarter), from the high rates maintained on the Indian railways.

And in the face of all these facts, it is to be regretted that the Indian Chambers of Commerce, instead of giving "a long pull, a strong pull and a pull together" to reduce the railway rates for grain all round, waste so much of their energies in jealous squabbles amongst themselves. The Chambers of Commerce at Calcutta and Bombay still carry on the suicidal policy of petitioning Government against the slightest reduction being made in the cost of the carriage of grain to the rival town; while that at Kurrachee, during the late discussion regarding the reduction of grain rates on the Punjab railways, may be said to have perfectly succeeded in a unique policy of complete self-effacement.

Were cheap communications once secured, measures might be taken to stimulate production. It would not cost much to Government to carry out the following suggestions, most of which were put forward by Dr. Forbes Watson in his report:—

(*a.*) To impress on the head man of every village in the wheat-growing districts of India, the necessity of using unmixed seed, and the advantages of growing the best description of wheat the climate and soil of the district will permit.

(*b.*) To furnish all cultivators with seed of the very

best quality by making arrangements at the principal centres for the exchange of average parcels of wheat for equal weights of selected seed, an expert being had out from England especially for the purpose of selecting, collecting, and distributing the best seed grain procurable.

(*c.*) To have always on view in the principal markets samples of the different classes of wheat recognized by the English trade, to enable natives to better classify their stock, and to judge of its fair market value.

(*d.*) To send daily to all the principal wheat centres in India telegraphic advices of the prices ruling for the different descriptions of wheat, both in London and at their nearest seaport.

(*e.*) To hold small District Agricultural Exhibitions as often as possible, at which prizes would be given for the best food grains and other agricultural produce exhibited.

In addition to these, there are two more measures called for, which, though costly, would probably in the end prove to be economical to any Provincial Government which fairly tried them.

One which has been so often before suggested, is to begin very gradually to establish a whole system of agricultural banks from which the ryots might obtain loans at fair rates of interest, the experiment being first tried on a very small scale, and extended if found to be a success.

The second, suggested by the Board of Directors of the Scind, Punjab, and Delhi Railway, would be to build at the principal centres of trade large warehouses in which grain could be properly housed, cleaned, and handled to prevent weevilling. The amount of grain now lost to the country is immense, owing to the defective means of storing it. In an official report on the grain trade in Upper Scind, the District Officer says :—

"In this district the weevil commences its depredations three months after the grain is extracted from the ear, but the wheat can be preserved for seven months if it be shut up in large earthen jars closed up."*

If this be equally true of the remaining districts in India, the loss from defective means of storage on the whole must be very great indeed. In fact, the difference between the amount of wheat produced in India and that now exported, after making the most liberal allowance for home consumption in India, gives us a fair idea of what the loss probably amounts to.

Were these warehouses built actually on railway sidings, so that there might be no re-cartage after the grain was bagged, the local trade would soon see the advantages of making use of them; and merchants would not be long in finding out the advantages of cleaning the wheat up-country, and of thus saving the railway carriage of a quantity of dirt to the seaboard. Who can doubt, were the Punjab Government to give facilities for the cleaning of wheat at Ferozepore, and to grant a small subsidy to any line of steamers that would give a preference to grain cargoes from Kurrachee returning with cargoes of railway coal, that the direct through booking of grain between the Punjab centres of trade and London *viâ* Kurrachee which has been so strongly urged by the Board of Directors of the Scind, Punjab and Delhi Railway, would not be a matter of fact a year after the warehouses were built?

It must not be imagined that there is any great probability of the Home authorities either accepting the suggestions or of carrying out the changes I have now proposed. With all their conscientiousness and their industry, Government

* Selections from the records of the Government of India, H. R. and A. Department, No. CLX, page 146.

officials can hardly be termed either enterprising or progressive. Least of all does their training enable them to appreciate at their full importance the trifling variations in price that in reality rule trade. Nearly every Government official connected with railways in India knows the facts I have now advanced, and most of these facts are constantly ventilated in the public press, and yet next to nothing practical is done on account of the absence of any push on the part of the authorities at home. Even our Indian Government is not entirely free from blame: too often on any large question arising, information is called for from all the subordinate Governments, and finally a number of good resolutions appear in the *Gazette of India*—action ceasing just at the point at which it should begin.

In October 1879, the Government of India published a long resolution regarding the wheat trade of India, the last para. of which runs as follows :—

> "With such uncertainties in view, the measures which Government should take are clearly those which, possessing independent commercial or other advantages, will nevertheless materially assist the export wheat trade so far as it can be legitimately fostered. Railway charges should be kept at a minimum; transit from the producing districts to the seaboard should be facilitated; taxes, imperial or municipal, on the grain should, where practicable, be foregone; information should be rendered as accurate as possible and widely diffused; and production should be stimulated by those means which are equally applicable in the case of agricultural products generally."

No possible fault can be found with the decisions arrived at, but has the Resolution been altogether acted up to? Has it had *any* practical result? Have the railway charges been reduced to a minimum? To show the miserable hiatus between the formation and the realisation of opinion, I will quote an extract from *The Times of India* of the 6th October 1882 :—

> "It will be remembered that eighteen months ago the Great

> Indian Peninsula Railway *increased* its grain rates, though at that time the cost of bringing wheat from Jubbulpore to Bombay, a distance of 616 miles, exceeded considerably the cost of taking wheat from Chicago to Liverpool, a distance of 4,000 miles."

The writer refers to a rise in rates about April 1881, eighteen months *after* the Resolution of Government was issued; and in the face of its clearly expressed intentions, the spirit of complacency and indifference, with which this rise of rates was apparently submitted to by the Government, is really very remarkable.

In all matters connected with India, improvement must come from without. The question of the development of India by cheap communications is really a home question, and can be dealt with properly only by those whose interest it is to push it forward. My object will be gained if I have shown how directly the English trade is interested in the development of India; how, by giving India the benefits of cheap communications, she could so affect the price of wheat that the keener competition thus caused would force the Western farmer to consider the ruinous effect of the present protective duties on the prime cost of all his agricultural produce; how the opening out of India would tend to the reduction or removal of the duties that now so seriously restrict the exports of English manufactured goods; and, finally, how greatly the diversion of the English wheat trade to India would increase her consumption of iron and cotton goods. Were the Railway system of India properly developed, the very depreciation of the rails would cause a very material annual outlet for iron from England.

Let the English manufacturer, whose interests are thus affected, insist on answers to two simple questions put to the Indian Home authorities: Why are Indian railways not made faster? And why are they not more cheaply worked? And let him never rest till he gets satisfactory answers to both. Throughout his efforts to open out India, let him be encouraged

by the thought that, while closely pursuing his own interests, he is as earnestly advancing the interests of others less able to help themselves.

For myself, though as a staunch Liberal, the very last to fail to appreciate the great strides that both education and political liberty are now making in India under our present progressive and liberal Viceroy, I feel that, in the advancement of these high aims of the more educated classes, there is some danger that the more prosaic wants of the humble agriculturist may be forgotten. The well-to-do classes in India may now safely be left alone to advocate their own rights. But I may not yet be out of place in pleading the cause of the uncomplaining ryot, who silently starves and makes no sign. Education is good, and so is political freedom, but more vital than either to the Indian peasant is sufficient food and decent clothing.

To the Indian ryot will neither be forthcoming till the markets of Europe are freely open to the produce of his village lands. The question of cheap communications appears to me so vital to the material prosperity of the agricultural classes of India that I would say that whoever, whether in his own interests or in the higher cause of simple humanity, will so labor as to give cheap communications to India will secure the blessings of millions of the poorest, the most patient, hard-working and law-abiding people in this world—people in whom centuries of mis-government and oppression have never succeeded in stamping out the sterling good qualities which they still share in common with us.

HONESTUM, QUOD PROPRIE VEREQUE DICITUR.

P.S.—I had just finished writing the above, when a long Resolution regarding the wheat trade and the development of railway communications generally was published by the Government of the Punjab. This is particularly cheering, for Sir Charles Aitchison is a statesman who will see that any policy he accepts is vigorously carried out—a man essentially of the good old Punjab type—

——"One

"Who can rule, and dare not lie."

APPENDIX A.

Statement of the amount and value of Wheat imported into England in the years 1880 *and* 1881.

	Quantities.		Values.	
	1880.	1881.	1880.	1881.
	Cwts.	Cwts.	£	£
Russia	2,880,108	4,018,895	1,568,261	2,171,372
Germany ...	1,608,275	1,361,724	978,149	812,476
France	1,446	6,693	747	3,471
Turkey... ...	4,005	33,532	1,841	17,157
Roumania ...	123,135	214,855	66,470	97,319
Egypt	1,590,957	1,070,488	793,455	525,650
U. S. Atlantic ...	29,539,502	24,796,551	16,325,690	13,744,739
U. S. Pacific ...	6,550,367	11,241,523	3,817,851	6,310,327
Chili	1,343,860	1,391,803	733,790	582,690
India	3,247,242	7,308,842	1,773,216	3,826,851
Australia ...	4,267,743	2,978,130	2,397,556	1,719,925
British N. America...	3,893,544	2,860,854	2,069,747	1,617,404
Other Countries ...	147,120	58,779	77,512	27,423
Total ...	55,197,304	57,042,669	30,604,285	31,466,804

APPENDIX B.

Statement of the amount and value of the Imports into England of the following articles of agricultural produce.

	Quantities.		Values	
	1880.	1881.	1880.	1381.
	Cwts.	Cwts.	£	£
Barley ...	11,685,527	9,811,051	4,998,442	4,069,402
Oats ...	13,862,430	10,336,795	4,946,440	3,781,013
Peas ...	2,141,438	1,972,724	871,513	797,299
Beans ...	2,574,759	2,070,199	1,049,274	820,521
Indian Corn ...	37,153,658	33,429,722	11,141,642	10,392,460

APPENDIX C.

To show the indifference even now paid to the subject of the reduction of the rates for the carriage of grain over the Indian Railways, it will be sufficient to state that the rate for the carriage of grain, below which Government has no power to reduce, is fixed in the contract between Government and the South Mahratta Railway at [$\frac{1}{5}$ pie per maund per mile] 1·05 shillings per quarter per 100 miles, or double the American rate; while that in the Central Bengal Railway contract is [$\frac{1}{8}$ pie per maund per mile] 1·74 per quarter per 100 miles, or actually more than three times the present American rates.